



# National Survey of Payday Borrowers

## Introduction

The GfK Group (GfK, formerly Knowledge Networks) conducted the Payday Loan Borrowers—National Study on behalf of The Pew Charitable Trusts. Specifically, the study examines the opinions of payday loan borrowers nationally. The survey was conducted using a sample from KnowledgePanel. For the full KnowledgePanel methodology, see [http://www.gfk.com/fileadmin/user\\_upload/dyna\\_content/US/documents/KnowledgePanel\\_Methodology.pdf](http://www.gfk.com/fileadmin/user_upload/dyna_content/US/documents/KnowledgePanel_Methodology.pdf).

## Sample definition

The target population consists of the following: adults 18 or older who have used payday loans. To sample the population, GfK sampled households from its KnowledgePanel, a probability-based web panel designed to be representative of the United States. The survey consisted of two stages: initial screening for payday loan borrowing and the main survey with the study-eligible respondents. To qualify for the main survey, a panel member must:

- Have been 18 or older.
- Have used a payday loan or payday advance service (either online or store or both).
- Currently or used to have a checking account.

### Data collection field periods and survey length

The data collection field periods were as follows:

Stage	Start date	End date
Pretest	Aug. 16, 2016	Aug. 16, 2016
Main	Aug. 23, 2016	Aug. 28, 2016

Participants completed the main survey in 10 minutes (median).

### Survey completion and sample sizes

The number of respondents sampled and participating in the survey, the survey completion rates for the screener and main interview, and the incidence rate are presented below.

## Key survey response statistics

N sampled for screener	N completed screener	Screener survey completion rate	N respondents	Incidence rate
22,220	11,154	50%	826	7%

### Trimming

Base weight from total population: (0.54%, 99.51%)

Weight: Scaled from base weight

### Design effect (DEFF)

Weight: 1.3745

### Margin of error (MOE) with 95% confidence level

±4.00

### Survey cooperation enhancements

As a standard, email reminders to nonresponders were sent on day three of the field period.

## Survey results

Q1a: In choosing where to get a payday loan, how important is the following to you?

	The fee charged	How quickly you can get the money	How easy it is to apply for the loan	The certainty that you will be approved for the loan	The loan amount
Very important	74%	76%	64%	73%	67%
Somewhat important	21%	20%	30%	22%	27%
Not important	4%	2%	5%	4%	5%
Refused	1%	1%	1%	1%	1%

**Q1b: You listed the following as “very important” when choosing to get a payday loan. Which one would you rank as the most important one?**

	Percent
The fee charged	39%
How quickly you can get the money	24%
The certainty that you will be approved for the loan	21%
The loan amount	11%
How easy it is to apply for the loan	6%
Refused	0%

**Q2: Should payday loans be more regulated or not?**

	Percent
Yes	70%
No	29%
Refused	1%

**Q3: If some of the payday loan stores closed in your area, but the remaining stores charged less for loans, would that be a good thing or a bad thing?**

	Percent
A good thing	91%
A bad thing	8%
Refused	1%

**Q4: If you were equally likely to be approved for a small loan, would you prefer to borrow from a payday lender, or from your bank/credit union?**

	Percent
A payday lender	18%
Your bank/credit union	81%
Refused	1%

**Q5a: Some banks and credit unions are considering offering a \$400, three-month loan with a \$60 fee. The same loan from a payday lender has a fee of about \$350. If you were looking to borrow a small amount of money, would you be more likely to borrow from your bank/credit union or more likely to borrow from a payday lender?**

	Percent
More likely to borrow from bank/credit union	90%
More likely to borrow from payday lender	10%
Refused	1%

**Q5b: And is that much more likely or just somewhat more likely?**

Bank/credit union

	Percent
Much more likely	85%
Somewhat more likely	14%
Refused	1%

Payday lender

	Percent
Much more likely	50%
Somewhat more likely	45%
Refused	5%

**Q6: New regulations are being considered for payday loans. The next few screens are some situations that might result because of the new regulations. Please select whether you think it would be a good thing or a bad thing for you.**

*(The order in which these questions appeared was randomized in the survey.)*

Borrowers would be allowed several months to repay in smaller installments rather than having loans due back in 2 weeks.

	Percent
A good thing for you	92%
A bad thing for you	7%
Refused	1%

Banks and credit unions would begin offering small loans at prices 6 times lower than payday lenders.

	Percent
A good thing for you	93%
A bad thing for you	6%
Refused	1%

Banks and credit unions would be allowed to offer you no more than two loans a year.

	Percent
A good thing for you	66%
A bad thing for you	32%
Refused	2%

**Q7: The next few screens are some steps regulators could take to help improve payday and other small loans. For each, please respond by selecting how much of an improvement you think it would be: a major improvement, a minor improvement, or not an improvement.**

*(The order in which these questions appeared was randomized in the survey.)*

Enable banks and credit unions to offer small loans at prices 6 times lower than payday lenders.

	Percent
Major improvement	80%
Minor improvement	15%
Not an improvement	3%
Refused	2%

Require lenders to pull your credit report and evaluate your debt payments.

	Percent
Major improvement	21%
Minor improvement	31%
Not an improvement	46%
Refused	1%

Require lenders to give you several months to repay instead of about 2 weeks.

	Percent
Major improvement	79%
Minor improvement	16%
Not an improvement	4%
Refused	1%

Require lenders to give you 3 days' notice before taking money out of your account.

	Percent
Major improvement	61%
Minor improvement	30%
Not an improvement	8%
Refused	2%

Allow loans to be repaid in small installments instead of one lump-sum.

	Percent
Major improvement	75%
Minor improvement	20%
Not an improvement	3%
Refused	2%

If lenders tried and failed to withdraw money from your bank account twice, they would have to ask permission before attempting to withdraw money again.

	Percent
Major improvement	61%
Minor improvement	26%
Not an improvement	11%
Refused	1%

Limit you to using two small installment loans per year.

	Percent
Major improvement	34%
Minor improvement	32%
Not an improvement	33%
Refused	1%

**Q8: Here is a loan that payday lenders might offer under the new regulations. Please select if you think the terms are fair or unfair.**

*(The order in which these questions appeared was randomized in the survey.)*

A \$400 loan, repaid in 3 months, for a fee of \$120 (meaning you borrow \$400 and pay back \$520).

	Percent
Fair	38%
Unfair	61%
Refused	1%

A \$500 loan, repaid in 5 months, for a fee of \$595 (meaning you borrow \$500 and pay back \$1,095).

	Percent
Fair	9%
Unfair	90%
Refused	1%

A \$1,250 loan, repaid in 10 months, for a fee of \$2,450 (meaning you borrow \$1,250 and pay back a total of \$3,700).

	Percent
Fair	9%
Unfair	89%
Refused	2%



**Q9: Here is a loan that banks might offer under the new regulations. Please select if you think the terms are fair or unfair.**

*(The order in which these questions appeared was randomized in the survey.)*

A \$300 loan, repaid in 3 months, for a fee of \$35.

	Percent
Fair	91%
Unfair	8%
Refused	1%

A \$500 loan, repaid in 4 months, for a fee of \$80.

	Percent
Fair	86%
Unfair	12%
Refused	2%

A \$400 loan, repaid in 3 months, for a fee of \$60.

	Percent
Fair	86%
Unfair	12%
Refused	2%

**Q10: The next few screens will show some small loans that last a few months and might be available to people who are looking to borrow money to pay an urgent bill. If you were looking to borrow a small amount of money, please mark whether you would choose Loan A or Loan B.**

*(The order in which these questions appeared was randomized in the survey.)*

a)

	Loan A	Loan B
Amount of loan	\$500	\$500
Cost of loan	\$125	\$750
Type of lender	Bank	Payday lender

	Percent
Loan A	93%
Loan B	5%
Refused	2%

b)

	Loan A	Loan B
Amount of loan	\$500	\$500
Cost of loan	\$125	\$750
Time to receive loan funds	3 days	20 minutes

	Percent
Loan A	88%
Loan B	10%
Refused	3%

c)

	Loan A	Loan B
Amount of loan	\$500	\$500
Cost of loan	\$75	\$450
How the lender assesses whether you qualify	Based on your checking account history, income, and history with the bank	Based on your credit report, income, and the lender's estimate of your expenses

	Percent
Loan A	92%
Loan B	5%
Refused	3%

d)

	Loan A	Loan B
Amount of loan	\$500	\$500
Cost of loan	\$60	\$450
Likelihood of approval	30%	80%

	Percent
Loan A	87%
Loan B	11%
Refused	2%

**Q11: If you were short on cash, how helpful do you think the following loan would be?**

*(The order in which these questions appeared was randomized in the survey.)*

A \$400 loan, repaid in 3 months, for a fee of \$60 (meaning you borrow \$400 and pay back \$460).

	Percent
Very helpful	68%
Somewhat helpful	22%
Just a little helpful	6%
Not helpful	3%
Refused	1%

A \$400 loan, repaid in 3 months, for a fee of \$350 (meaning you borrow \$400 and pay back \$750).

	Percent
Very helpful	5%
Somewhat helpful	10%
Just a little helpful	19%
Not helpful	65%
Refused	2%

**Q12: The next few screens are some ways that your bank could offer small loans. Please mark whether you would be very interested in obtaining a loan this way, somewhat interested, or not interested.**

*(The order in which these questions appeared was randomized in the survey.)*

	Via an app on your phone	Through online banking on a computer or tablet	Through an automated telephone system	Through the ATM
Very interested	34%	48%	26%	38%
Somewhat interested	35%	33%	37%	35%
Not interested	29%	17%	35%	25%
Refused	2%	2%	2%	1%

**Q13: How satisfied are you with your bank’s loan options that are available to you today?/When you had a bank account, how satisfied were you with the bank’s loan options that were available to you? (The first question was asked of respondents who currently have a checking account, and the second question was asked of respondents who do not currently having a checking account but had one in the past.)**

	Percent
Very satisfied	18%
Somewhat satisfied	41%
Somewhat dissatisfied	26%
Very dissatisfied	14%
Refused	2%

**Q15: Today, banks typically charge a fee of around \$35 for each overdraft. Do you think that’s fair or unfair?**

	Percent
Fair	24%
Unfair	75%
Refused	1%

**Q16a: Half of respondents were asked: If you found yourself short on cash, how likely would you be to take this loan?**

<b>Loan amount</b>	\$350
<b>Term</b>	3 months
<b>Fee</b>	\$52
<b>Monthly payment</b>	\$134
<b>Annual percentage rate (APR)</b>	87%

	<b>Percent</b>
<b>Very likely</b>	21%
<b>Somewhat likely</b>	36%
<b>Just a little likely</b>	22%
<b>Not likely</b>	19%
<b>Refused</b>	2%

**Q16b: The other half of respondents were asked: If you found yourself short on cash, how likely would you be to borrow this loan?**

<b>Loan amount</b>	\$350
<b>Term</b>	3 months
<b>Fee</b>	\$52
<b>Monthly payment</b>	\$134

	<b>Percent</b>
<b>Very likely</b>	28%
<b>Somewhat likely</b>	40%
<b>Just a little likely</b>	20%
<b>Not likely</b>	11%
<b>Refused</b>	1%

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**For further information, please visit:**

[pewtrusts.org/small-loans](https://pewtrusts.org/small-loans)

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**Contact:** Esther Berg, communications officer

**Email:** [eberg@pewtrusts.org](mailto:eberg@pewtrusts.org)

**Project website:** [pewtrusts.org/small-loans](https://pewtrusts.org/small-loans)

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